# THE INFLUENCE OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PROFIT

MOHAMMED I. F. DAWWAS

MASTER OF HUMAN RESOURCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA

2010

THE INFLUENCE OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PROFIT	
A thesis submitted to the College of Business in partial Fulfillment of the requirements for the degree of Master of Human Resources Management	
Copy right@ Mohammed I. F. Dawwas October, 2010	

DECLARATION

The author is responsible for the accuracy of all opinion, technical comment, factual

report, data, figures, illustrations and photographs in this dissertation. The author bears

full responsibility for the checking whether material submitted is subject to copyright or

ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the

accuracy of such comment, report and other technical and factual information and the

copyright or ownership rights claims

The author declares that this dissertation is original and his own except those literatures,

quotations, explanations and summarizations which are duly identified and recognized.

The author hereby granted the copyright of this dissertation to College of Business,

Universiti Utara Malaysia (UUM) for publishing if necessary.

Date: 18/10/2010

Student Signature: Ce \

i

**PERMISSION TO USE** 

In presenting this project paper in partial fulfillment of the requirements for a Post

Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of

this university may make it freely available for inspection. I further agree that permission

for copying this project paper in any manner, in whole or in part, for scholarly purposes

may be granted by my supervisor or in their absence, by the Assistant Vice Chancellor of

the College of Business where I did my project paper. It is understood that any copying

or publication or use of this project paper or parts of it for financial gain shall not be

allowed without my written permission. It is also understood that due recognition shall be

given to me and to the Universiti Utara Malaysia (UUM) in any scholarly use which may

be made of any material in my project paper.

Request for permission to copy or to make other use of materials in this project paper in

whole or in part should be addressed to:

Dean Research and Innovation

College of Business

Universiti Utara Malaysia (UUM)

06010 Sintok

Kedah Darul Aman

ii

### **ABSTRACT**

This study is designed to determine the relationship between employee engagement, and organizational profit. In addition the study examines whether there is a significant difference in mean score on employee engagement between males and females in Palestinian telecommunication company. The scope of the study is limited to managers in Palestinian Telecommunication Company. The results showed statistically significant positive relationships between employee engagement and organization performance. It also shows that there is a significant difference in employee engagement between male and female in Palestinian Telecommunication Company.

.

### **ACKNOWLEDGEMENT**

First and foremost, all praise and gratitude be given to Allah the Almighty for giving me such a great strength, patience, courage, and ability to complete this project. I also want to thank my father, mather, brother and sisters who instilled in me a love of learning. I hope that my efforts would have made them proud. They provided me the encouragement, support. I could not have completed this work without them. I would like thank my lecturers in "COB". Specifically I want to thank Dr. Norsiah Binti Mat who supervised me in this study. I want to thank my friends who supported me in this process and continually pushed me along on this journey. Specifically, I want to thank Abdallatif M. Abuowda and AbdAljalil A. Salem who shared many hours and studying with me.

# **Table of Contents** DECLARATION .....i PERMISSION TO USE ......ii ABSTRACT ......iii ACKNOWLEDGEMENT......iv CHAPTER ONE ......1 1.1 BACKGROUND OF THE STUDY......1 1.2 PROBLEM STATEMENT......2 1.3 RESEARCH QUESTIONS ......4 1.4 RESEARCH OBJECTIVES ......4 1.5 SIGNIFICANCE OF THE STUDY ......5 1.6 SCOPE OF THE STUDY.......6 1.7 DEFINITION OF TERMS ......6 1.8 CONCLUSION.......7 CHAPTER TWO .....9 2.0 INTRODUCTION......9 2.1 ORGANIZATIONAL PROFITABILITY ......9 2.2 EMPLOYEE ENGAGEMENT (EE) ......11 2.3 KEY DRIVERS OF EMPLOYEE ENGAGAEMENT......15 2.5 THE RELATIONSHIP BETWEE EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL PROFIT.....20 2.6 GENDER DIFFERENCES AND EMPLOYEE ENGAGEMENT......27 CHAPTER THREE .......29 INTRODUCTION......29 3.0 RESEARCH FRAMEWORK ......29 3.1 Independent Variable.....29 3.1.1 Dependent Variable ......30 3.1.2

3.2 HYPHOTHESES30					
3.3 RESEARCH DESIGN31					
3.4 SOURCES OF DATA32					
3.4.1 Primary Data					
3.4.2 Secondary Data					
3.5 POPULATION SAMPLING					
3.5.1 Sample Size35					
3.6 DATA COLLECTION METHOD36					
3.7 MEASUREMENT36					
3.7.1 Organizational Profit					
3.7.2 Employee Engagement					
3.7.3 QUESTIONNAIRE DESIGN					
3.8 DATA ANALYSIS TECHNIQUES39					
3.9 CONCLUSION42					
CHAPTER FOUR43					
4.0 INTRODUCTION43					
4.1 OVERVIEW OF THE DATA COLLECTED43					
4.2 RESPONDENTS' PROFILE44					
4.3 RELIABILITY ANALYSIS46					
4.4 DESCRIPTIVE ANALYSIS47					
4.5 MAJOR FINDINGS48					
4.5.1 Pearson Correlation Coefficient					
4.5.2 T-Test					
4.6 HYPOTHESES TESTING50					
4.7 SUMMARY OF FINDINGS51					
4.8 CONCLUSION52					
CHAPTER FIVE53					
5.0 INTRODUCTION53					
5.1 DISCUSSION53					
5.2 LIMITATION OF THE STUDY56					
5.2.1 The Time Limitation					

5.2.2 Lack of Experience	56
5.3 RECOMMENDATION FOR FUTURE RESEARCH	57
5.4 CONCLUSION	.57
REFERENCE	.59
Appendix 1: Questionnaire	.64
APPENDIX 2 Statistical Data Analysis	71

# LIST OF TABLES

No.	Items					Page
Table 2.	1 Literature re	iew on	impact	of	engagement	26
Table 3.1:	Total number	of employ	yees	••••		35
Table 3.2	Measurement	tems				37
Table 4.1	Response Rate					44
Table 4.2	Respondents P	ofile				44
Table 4.3	Reliability Ana	lysis		••••		46
Table4.4	Descriptive Statistic	s of Varia	ables	••••		47
Table 4.5	Interpreting the	R-value	for Interco	orrela	ations	49
Table 4.6	Pearson Intercorrelations Matrix Result5					50
Table 4.7	Summaries of Fi	dings				51

# LIST OF FIGURES

No.	Item	Page
1	Figure 2.1	key dimensions to employee engagement 16
2	Figure 2.2	DDI.s Engagement Value Proposition (2004)18
3	Figure 3.1	Research Framework30

### **CHAPTER ONE**

### 1.0 INTRODUCTION

This chapter describes a brief background of the research. It explores the problem statement, objectives of the study, research questions of the study, scope of the study and the significance of the study. Definition of key terms and outline of the thesis is also provided at the end of the chapter.

### 1.1 BACKGROUND OF THE STUDY

The increasing pressures from the rapid changes that are occurring in the business environment have led to a variety of responses among industrial organizations. Globalization of markets and production, the rate of technological innovation and fluctuation in consumer demand are among the factors that have increased the dynamism of the competitive environment to which organizations must respond. This factors make it very difficult for companies to further differentiate themselves from their competitors on the basis of products, prices, and technology (Fisher, Schoenfeldt, & Shaw, 2006).

For Palestinian firms to survive in a global economy nowadays, they need to invest all the available resources in order to get the high profit and increase the organizational performance, So they should focusing more on human resource which is

# The contents of the thesis is for internal user only

### REFERENCE

- Buhler, P. (2006). Engaging the workforce: a critical initiative for all organizations. Supervision, 67(9), 18-20.
- Baumruk, R. (2004). The missing link: the role of employee engagement in business Success. *Workspan*, 47, 48-52.
- Cawe, M. (2006). Factors Contributing to Employee Engagement in South Africa.

  \*University of the Witwatersrand\*. Retrieved from

  http://wiredspace.wits.ac.za/bitstream/handle/10539/2031/Factors%20contribut

  ing%20to%20employee%20engagement.pdf?sequence=3.
- Cooper, D, R., & Schindler, P. S. (2007). Business Research Methods. New Delhi, Tata:

  McGraw Hill
- Davies, D. (1971). The efficiency of public versus private firms, the case of Australia's two airlines. *Journal of Law and Economics*, 14(1), 149-165.
- Ellis, Christian M. & Sorensen, A. (2007) Assessing employee engagement: the key to improving productivity. *Perspectives*. 15, 1. Retrieved from <a href="http://www.sibson.com/publications/perspectives/Volume\_15\_Issue\_1/ROW.cfm">http://www.sibson.com/publications/perspectives/Volume\_15\_Issue\_1/ROW.cfm</a>
- Fey, C.E., Bjorkman, I., and Pavlovskaya, A. (2000), "The Impact of Human Resource Management Practices on Firm Performance in Russia," International Journal of Human Resource Management, 11, 1, 1–18.

- Fisher, C.D., Schoenfeldt, L. & Shaw, J. (2006). Advanced human resource management:

  Boston, MA: Houghton Mifflin Customer Publishing.
- Frank, F.D., Finnegan, R.P. & Taylor, C.R. (2004). The race for talent: retaining and engaging Workers in the 21st century. *Human Resource Planning*, 27(3),12-25.
- Garland Chow, T. D. H. a. L. E. H. (1994). LOGISTICS PERFORMANCE:

  DEFINITION AND MEASUREMENT. International Journal of Physical
  Distribution & Logistics Management, 24(1), 17-28.
- George, D., & Mallery, P. (2003). SPSS for Windows step by step: a simple guide and reference (3<sup>rd</sup> ed). Boston, MA: Allyn and Bacon.
- Gonzalez-Roma, V., Schaufeli, W. B., Bakker, A. B., & Lloret, S. (2004). Burnout and work engagement: Independent factors or opposite poles? *Journal of Vocational Behavior*, 68, 165-174.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta- analysis. *Journal of Applied Psychology*, 87(2), 268–279.
- Harter, J. K., Asplund, J. W., & Flemming, J. H. (2004). Human Sigma: A meta-analysis.

  The relationship between employee engagement, customer engagement, and

  Financial performance. *The Gallup Management Journal*, 1–8.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268–279.
- Hewitt Associates. (2004). Employee engagement higher at double-digit growth

companies. Retrieved April 13, 2008, from <a href="http://www.hewittassociates.com/">http://www.hewittassociates.com/</a>. ISR. (2005). Employee Engagement. Retrieved From Http:// <a href="www.isrsurveys.com">www.isrsurveys.com</a>. Jesuthasan, R. (2003). Business Performance Management: Improving Return on Rewards Investments. <a href="https://www.hewittassociates.com/">www.isrsurveys.com</a>.

- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. Academy of Management Journal, 33, 692–724.
- Lanphear, S. (2004). Are Your Employees Highly Engaged? Credit Union Executive Newsletter, 19, 1-2. Credit Union National Association, US.
- Loehr, J., & Schwartz, T. (2003). The power of full engagement. The Free Press.
- Malhorta, S. (1999). ISO observations of the interstellar medium in elliptical galaxies.

  European Space Agency-Publications-Esa Sp, 427, 937-940.
- Macey, W., & Schneider, B. (2008). The meaning of employee engagement. *Industrial* and Organizational Psychology, 1(1), 3-30.
- Maslach, C., Schaufeli, W. B., & Leiter, M. P. (2001). Job Burnout. *Annual Review of Psychology*, 52(1), 397.
- Melcrum Publishing (2005). Employee Engagement: How to build a high-performance.
- Melcrum Publishing (2005). An independent research report . Employee Engagement, Melcrum, UK.
- Richman, A. (2006). Everyone wants an engaged workforce how can you create it?'

  Workspan, 49, 36-39.

- Robert J. V. (2006). Employee Engagement and Commitment: A guide to understanding, measuring and increasing engagement in your organization. US: SHRM Foundation.
- Rogers, E. W., & Wright, P. M. (1998). Measuring Organizational Performance In Strategic Human Resource Management: Problems, Prospect, and performance Information Markets. Human Resource Management Review,, 8(3), 311-331.
- Rutledge, T.(2005). Getting Engaged: the new workplace loyalty. Toronto, Canada: IQ partners Inc.
- Salkey, K. (2005). Employee Engagement: Global Survey. An Independent Melcrum Research Report, Executive Summary, UK.
- Schneider, B., P. J. Hanges, D. B. Smith, A. N. Salvaggio. 2003. Which comes first: employee attitudes or organizational financial and market performance? Journal of Marketing Research 88 (5) 836-851.
- Seijts, G., & Crim, D. (2006). What engages employees the most or, the ten C's of employee engagement. *Ivey Business Journal*, 70(4), 1-5.
- Shaw, K. (2005). An engagement strategy process for communicators. *Strategic Communication Management*, 9(3),26-29
- Staw, B. M., L. D. Epstein. 2000. What bandwagons bring: Effects of popular management techniques on corporate performance, reputation, and CEO pay. Administrative Science Quarterly 45 (3) 523-559.

The Gallup Organisation, (2004). Employee Engagement: A Leading Indicator of Financial Performance. Retrieved from

## http://www.gallup.com/consulting/52/employee-engagement.aspx

- Towers Perrin. (2007). Closing the engagement gap: A road map for driving superior business performance. *Global Workforce Study*, 1–21.
- Truss, C., Soane, E., Edwards, C., Wisdom, K., Croll, A., & Burnett, J. (2006). Working

  Life: Employee Attitudes and Engagement 2006. London: CIPD.
- Wellins, R.S., Bernthal, P., & Phelps, M. (2005). Employee Engagement: The key to realizing competitive advantage [Internet]. Available from:

  http://www.ddiworld.com/pdf/ddi\_employeeengagement\_mg.pdf [Accessed October 31st, 2005].
- Worland, D. & Manning, K. (2005). Working Paper Series: Strategic Human Resource Management and Performance. Victoria University of Technology. Accessed online 10 January 2009.